

ORIGINAL

OPEN MEETING



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MEMORANDUM

RECEIVED

TO: THE COMMISSION

FROM: Safety Division

DATE: July 27, 2011

RE: IN THE MATTER OF THE PROPOSED AMENDMENTS TO THE PIPELINE
SAFETY RULES R14-5-201, R14-5-202, R14-5-203, R14-5-204 AND
R14-5-205

Arizona Corporation Commission

DOCKETED

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2011 JUL 27 P 4:12

AZ CORP COMMISSION
DOCKET CONTROL

DOCKET NO. RG-00000A-11-0161

Staff of the Safety Division ("Staff") of the Arizona Corporation Commission ("Commission") is proposing amendments to the Rules governing Pipeline Safety to accomplish the following:

- Update the rules by incorporating the most recent amendments to the Code of Federal Regulations ("CFR"), Title 49, Parts 40, 191, 192, except I (2) and (3) of appendix D to Part 192, 193, 195 (Except 195.1(b)(2), (3) and (4)) and 199 revised as of October 1, 2010. R-14-5-202 (B), (J), (K), R-14-5-202 (C).
- Update to change the definition of "Abandon" to mean disconnecting a pipeline from all sources and supplies of gas or hazardous liquids, purging all gas or hazardous liquids from the pipeline, and capping all ends of the pipeline. R-14-5-201 (1).
- Update to change the definition of "Business District" to mean an area where the public congregate for economic, industrial, religious, education, health, or recreational purposes and where two or more buildings used for any of these purposes are located within 100 yards of each other. R-14-5-201 (3).
- Update to add the definition of "Discontinuation of Service" means anytime following the testing of a service line or meter assembly the operator determines that additional actions must be taken before restoring service to the customer due to a leak or hazardous operating condition. R-14-5-201 (5).
- Update to add the definition of "Evacuation" means denied entry into or the organized clearing of: one hundred or more individuals from any number of buildings; or all of the individuals present from five or more buildings; or individuals representing five or more customer accounts within a single building such as a strip mall; or a building occupied by persons who are confined, are of impaired mobility, or would be difficult to evacuate because of their age or physical or mental condition or capabilities, such as a

hospital, prison, school, daycare facility, retirement facility, or assisted living facility. R14-5-201(6).

- Update to add the definition of “Gas” means natural gas, flammable gas, or toxic or corrosive gas and includes LPG that is vaporized. R14-5-201 (7).
- Update to add the definition of “Hazardous liquid” means: petroleum, a petroleum product, or Anhydrous ammonia. R14-5-201 (8).
- Update to add the definition of “High Consequence Area” has the same meaning as in 49 CFR 192.903, which is incorporated by reference in R14-5-202. R14-5-201 (9).
- Update to add the definition of “Independent laboratory” means a laboratory that is not owned or operated by an operator and that has no affiliation with the operator through ownership, contract, or familial relationship. R14-5-201 (10).
- Update to change the definition of “Intrastate pipeline” to mean all pipeline facilities included in the definition of “pipeline system” that are used by a provider to transport gas, “LNG” or a hazardous liquid within Arizona and that are not used to transport gas, LNG, or a hazardous liquid in interstate or foreign commerce. This includes, without limitation, any equipment, facility, building, or other property used or intended for use in transporting gas, LNG, or hazardous liquids. R14-5-201 (11).
- Update to add the definition of “Liquefied natural gas” means natural gas or synthetic gas having methane (CH₄) as its major constituent, which has been changed to a liquid. R14-5-201 (12).
- Update to add the definition of “LNG” means liquefied natural gas. R14-5-201 (13).
- Update to add the definition of “LNG facility” means those portions of a pipeline system that are used for transporting or storing LNG or for LNG conversion. R14-5-201 (14).
- Update to add the definition of “LPG” means liquefied petroleum gas. R14-5-201 (15).
- Update to add the definition of “MAOP” means maximum allowable operating pressure, the maximum pressure at which a natural gas, LPG, or other gas pipeline or segment of pipeline may be operated. R14-5-201 (16).
- Update to change the definition of “Master meter system” to mean physical facilities for distributing gas within a definable area where the operator purchases metered gas from a provider to provide gas service to two or more buildings other than at a single family residence. R14-5-201 (17).

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- Update to add the definition of "Office of Pipeline Safety" means the Commission personnel assigned to perform the Commission's day-to-day activities under A.R.S. Title 40, Chapter 2, Article 10, who are headquartered at 2200 North Central Avenue, Suite 300, Phoenix, AZ 85004. R14-5-201 (18).
- Update to add the definition of "OPS" means Office of Pipeline Safety," as defined herein. R14-5-201 (20).
- Update to add the definition of "Outage" means discontinuation of service: concurrently to 250 or more residential customer accounts; or to at least one commercial customer account in a building that is used by 20 or more persons on a regular basis, such as a religious facility, office building, retail establishment, shopping mall, or community center; or to a building occupied by persons who are confined, are of impaired mobility, or would be difficult to evacuate because of their age or physical or mental condition or capabilities, such as a hospital, prison, school, daycare facility, retirement facility, or assisted living facility. R14-5-201(21).
- Update to add the definition of "Provider" means any intrastate gas pipeline operator, public service corporation, or municipality that provides natural gas or LPG service to a master meter customer.
- Update to add the definition of "PSIG" means pounds per square inch gauge.
- Update to add the definition of "Public Service Corporation" has the same meaning as in Article XV, section 2 of the Arizona Constitution.
- Update to add the definition of "Regular Basis" means on at least five days per week, during at least 10 weeks out of any 12-month period, with the days and weeks being either consecutive or nonconsecutive.
- Update to add the definition of "Sour Gas" means natural gas that contains the corrosive sulfur-bearing compound hydrogen sulfide (H₂S).
- Update to add the definition of "Sour Oil" means crude oil containing the impurity sulfur in a concentration greater than 0.5 percent.
- Update to change the definition of "Structure" to mean something that is built or constructed, or any piece of work artificially composed of parts joined together in some definite manner.
- Update to add the definition of "Unknown Failure" means an occurrence in which a portion of a pipeline system fails, and: the cause cannot be attributed to any observable external corrosion, third-party damage, natural or outside force, construction or material

defect, equipment malfunction, or incorrect operations; or the operator and the Office of Pipeline Safety disagree as to the cause.

- Update to include contact telephone numbers for the Office of Pipeline Safety. R14-5-203 (B)(1), (B)(2).
- Update the address for the “Information Resources Manager, Office of Pipeline Safety, Pipeline and Hazardous Materials Safety Administration, Rm. 7128, 400 Seventh St., S. W., U.S. Department of Transportation Washington, D.C. 20590” to “the Pipeline and Hazardous Materials Safety Administration at <http://opsweb.phmsa.dot.gov/> or submit a written request for an alternative reporting method to “The Information Resources Manager, Office of Pipeline Safety, Pipeline and Hazardous Materials Safety Administration, U. S. Department of Transportation, PHP-20, 1200 New Jersey Ave. SE., Washington, DC 20590.. R14-5-203(C)(5).
- Update the location of Techstreet from “777 E. Eisenhower Pkwy, Ann Arbor, MI 48108” to “<http://www.techstreet.com>” and replaced the reference to “Office of Pipeline Safety, 2200 N. Central Ave., Ste. 300, Phoenix AZ 85004” with “American Petroleum Institute, 1220 L. Street, NW, Washington, DC 20005-4070” R14-5-202(E)(2).
- Update the revision date for the conditions for telephonic and written reporting of a release of hazardous liquid resulting from a pipeline maintenance activity from “(1994 revision and no future revisions)” to “(2010 revision and no future revisions)”. R14-5-203(B)(2)(f)(ii), (C)(3)(c)(ii).
- Update “steel pipe shall be installed with bedding and shading” to “steel pipe shall be installed with a minimum of 6 inches of sandy type soil surrounding the pipe for bedding and shading”. R14-5-205(I) – now R14-5-207 (H).
- Update “Each welder must be qualified in accordance with API Standard 1104, 49 CFR 192, appendix A” to “ Each welder must be qualified in accordance with API Standard 1104, 49 CFR 192, 192.7”. R14-5-202(Q),, R14-5-205(K) – now R14-5-207 (J).
- Update the location of the ASME to Three Park Ave., New York, NY 10016-5990. R14-5-202(R), R14-5-205(O) – now R14-5-207 (O).
- Update the criteria for telephonically reporting the release of natural gas, other gas or liquefied natural gas to include “Injury to any person resulting in loss of consciousness”. R14-5-203(B)(1)(a).
- Update the property damage criteria for telephonically reporting the release of natural gas, other gas or liquefied natural gas to “Property damage, including the value of all released gas, estimated in excess of \$5,000. R-14-5-203 (B)(1)(a).

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- Update the criteria for telephonically reporting an incident to include “Unintentional release of gas from a transmission pipeline identified as being located in an identified high consequence area” and “Evacuations and outages”. R14-5-203(B)(1)(a)(v), (B)(1)(g).
- Update the property damage criteria for written reporting of incidents to “Evacuations, outages and property damage, including the value of all released gas, estimated in excess of \$25,000”. R14-5-203(C)(1)(c).
- Update written incident reporting form revision dates to January, 2010. R14-5-203(C)(2)(a), (C)(2)(b), (C)(2)(c), (C)(3).
- Update the PHMSA annual report form and instructions for hazardous liquid or carbon dioxide systems to the January 2011 edition. R14-5-204(A)(1).
- Update the PHMSA annual report form and instructions for Gas Distribution Systems and Gas Transmission and Gathering Systems to the January 2011 edition. R14-5-204 (A2), (A3).
- Update to change the address for all PHMSA annual reports from “The Information Resources Manager, Office of Pipeline Safety, Pipeline and Hazardous Materials Safety Administration, U. S. Department of Transportation, Rm 7128, 400 Seventh St., S. W. Washington, D.C. 20590 to “the Pipeline and Hazardous Materials Safety Administration at <http://opsweb.phmsa.dot.gov/>”. R14-5-204 (A)(1), (A)(2), (A)(3), (B).
- Update to add: PHMSA F7100.3-1 (November 2010 Edition and no future editions) – “Annual Report for Calendar 20__, Liquefied Natural Gas (LNG) Facilities,” and instructions for completing Form F7100.3-1 (10-2011), Annual Report for Calendar Year 20__, Liquefied Natural Gas (LNG) Facilities,” incorporated by reference and copies available from the Office of Pipeline Safety , 2200 N. Central Ave., Ste. 300 Phoenix, AZ 85004 and the Pipeline and Hazardous Materials Safety Administration at <http://opsweb.phmsa.dot.gov/>. R14-5-204 (A4).
- Update R14-5-205 “Master Meter Systems” to become R14-5-207 and to be a complete revision with substantive changes included here separately.
- Update to add new section R14-5-205 “Commission Investigations”.
- Update to add new section R14-5-206 “Employee Drug and Alcohol Testing Requirements”.
- Update to add new rule for master meter cathodic protection systems requiring operators of a master meter system that install a new underground steel pipeline system shall

provide a cathodic protection system designed to protect the pipeline in its entirety prior to placing the system into service. Whenever an existing underground steel pipeline system is repaired, partially replaced, or relocated, it shall be provided with a cathodic protection system within 45 days of completion. The criteria for cathodic protection shall be a voltage of at least negative 0.85 volts direct current (-0.85Vdc) as measured using a saturated copper-copper sulfate half cell. R14-5-205(M) – now R14-5-207 (L).

- Update master meter annual report form to MM-04 (Latest revision). R14-5-205(Q) – now R14-5-207 (Q).

The proposed amendments will conform to the most recent amendments of the Federal Pipeline Safety Regulations, which is required by the Commission's Agreement with the Pipeline and Hazardous Materials Safety Administration, and required for the Commission's Pipeline Safety Group to receive Federal funds for Pipeline Safety Programs.

Staff believes that the proposed amendments will be beneficial to the general public by maintaining the safe operation of pipeline facilities. Therefore, Staff recommends that the proposed amendments to the Rules be forwarded to the Secretary of State for Notice of proposed Rulemaking. Staff further recommends that a Public Comment Hearing on the proposed amendment to the Rules be scheduled no earlier than thirty (30) days after publication in the Arizona Register, but as soon as practicable thereafter, in Phoenix or Tucson, Arizona.

Thank you.

Originator: Robert Miller

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BEFORE THE ARIZONA CORPORATION COMMISSION

GARY PIERCE
Chairman
BOB STUMP
Commissioner
SANDRA D. KENNEDY
Commissioner
PAUL NEWMAN
Commissioner
BRENDA BURNS
Commissioner

IN THE MATTER OF THE PROPOSED
AMENDMENTS TO THE PIPELINE
SAFETY RULES R14-5-201, R14-5-202,
R14-5-203, R14-5-0204 AND R14-5-205.

DOCKET NO. RG-00000A-11-0161

DECISION NO. _____

ORDER

Open Meeting
July 28, 2011
Phoenix, Arizona

BY THE COMMISSION:

On April 11, 2011, Staff of the Safety Division ("Staff") of the Arizona Corporation Commission ("Commission") docketed a memorandum requesting to have a docket opened for purposes of amending Arizona Administrative Code ("A.A.C.") R14-5-201, R14-5-202, R14-5-203, R14-5-204, and R14-5-205, of the Pipeline Safety Rules. As a result, this docket was opened.

* * * * *

Having considered the entire record herein and being fully advised in the premises, the Commission finds, concludes, and orders that:

FINDINGS OF FACT

1. Staff is recommending amendments to A.A.C. R14-5-201, R14-5-202, R14-5-203, R14-5-204, and R14-5-205, of the Pipeline Safety Rules.
2. The recommended amendments would update the rules by incorporating the most recent amendments to the Code of Federal Regulations ("CFR"), Title 49, Parts 40, 191, 192, except I (2) and (3) of appendix D to Part 192, 193, 195 (Except 195.1(b)(2), (3) and (4)) and 199 revised as of October 1, 2010. R14-5-202(B), (J), (K), R14-5-202(C).

1 3. Likewise, the recommended amendments would update the meanings of the
2 following definitions:

3 a. “Abandon” means disconnecting a pipeline from all sources and supplies of
4 gas or hazardous liquids, purging all gas or hazardous liquids from the pipeline, and capping all
5 ends of the pipeline. R14-5-201(1).

6 b. “Business District” means an area where the public congregate for
7 economic, industrial, religious, education, health, or recreational purposes and where two or more
8 buildings used for any of these purposes are located within 100 yards of each other. R14-5-201(3).

9 c. “Discontinuation of Service” means anytime following the testing of a
10 service line or meter assembly the operator determines that additional actions must be taken before
11 restoring service to the customer due to a leak or hazardous operating condition. R14-5-201(5).

12 d. “Evacuation” means denied entry into or the organized clearing of: one
13 hundred or more individuals from any number of buildings; or all of the individuals present from
14 five or more buildings; or individuals representing five or more customer accounts within a single
15 building such as a strip mall; or a building occupied by persons who are confined, are of impaired
16 mobility, or would be difficult to evacuate because of their age or physical or mental condition or
17 capabilities, such as a hospital, prison, school, daycare facility, retirement facility, or assisted
18 living facility. R14-5-201(6).

19 e. “Gas” means natural gas, flammable gas, or toxic or corrosive gas and
20 includes LPG that is vaporized. R14-5-201(7).

21 f. “Hazardous liquid” means: petroleum, a petroleum product, or Anhydrous
22 ammonia. R14-5-201(8).

23 g. “High Consequence Area” has the same meaning as in 49 CFR 192.903,
24 which is incorporated by reference in R14-5-202. R14-5-201(9).

25 h. “Independent laboratory” means a laboratory that is not owned or operated
26 by an operator and that has no affiliation with the operator through ownership, contract, or familial
27 relationship. R14-5-201(10).

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- 1 i. “Intrastate pipeline” means all pipeline facilities included in the definition of
2 “pipeline system” that are used by a provider to transport gas, “LNG” or a hazardous liquid within
3 Arizona and that are not used to transport gas, LNG, or a hazardous liquid in interstate or foreign
4 commerce. This includes, without limitation, any equipment, facility, building, or other property
5 used or intended for use in transporting gas, LNG, or hazardous liquids. R14-5-201(11).
- 6 j. “Liquefied natural gas” means natural gas or synthetic gas having methane
7 (CH₄) as its major constituent, which has been changed to a liquid. R14-5-201(12).
- 8 k. Update to add the definition of “LNG” means liquefied natural gas. R14-5-
9 201(13).
- 10 l. Update to add the definition of “LNG facility” means those portions of a
11 pipeline system that are used for transporting or storing LNG or for LNG conversion. R14-5-
12 201(14).
- 13 m. Update to add the definition of “LPG” means liquefied petroleum gas. R14-
14 5-201(15).
- 15 n. “MAOP” means maximum allowable operating pressure, the maximum
16 pressure at which a natural gas, LPG, or other gas pipeline or segment of pipeline may be operated.
17 R14-5-201(16).
- 18 o. “Master meter system” means physical facilities for distributing gas within a
19 definable area where the operator purchases metered gas from a provider to provide gas service to
20 two or more buildings other than at a single family residence. R14-5-201(17).
- 21 p. “Office of Pipeline Safety” means the Commission personnel assigned to
22 perform the Commission’s day-to-day activities under A.R.S. Title 40, Chapter 2, Article 10, who
23 are headquartered at 2200 North Central Avenue, Suite 300, Phoenix, AZ 85004. R14-5-201(18).
- 24 q. “OPS” means Office of Pipeline Safety,” as defined herein. R14-5-201(20).
- 25 r. “Outage” means discontinuation of service: concurrently to 250 or more
26 residential customer accounts; or to at least one commercial customer account in a building that is
27 used by 20 or more persons on a regular basis, such as a religious facility, office building, retail
28 establishment, shopping mall, or community center; or to a building occupied by persons who are

1 confined, are of impaired mobility, or would be difficult to evacuate because of their age or
2 physical or mental condition or capabilities, such as a hospital, prison, school, daycare facility,
3 retirement facility, or assisted living facility. R14-5-201(21).

4 s. "Provider" means any intrastate gas pipeline operator, public service
5 corporation, or municipality that provides natural gas or LPG service to a master meter customer.

6 t. "PSIG" means pounds per square inch gauge.

7 u. "Public Service Corporation" has the same meaning as in Article XV,
8 section 2 of the Arizona Constitution.

9 v. "Regular Basis" means on at least five days per week, during at least 10
10 weeks out of any 12-month period, with the days and weeks being either consecutive or
11 nonconsecutive.

12 w. "Sour Gas" means natural gas that contains the corrosive sulfur-bearing
13 compound hydrogen sulfide (H₂S).

14 x. "Sour Oil" means crude oil containing the impurity sulfur in a
15 concentration greater than 0.5 percent.

16 y. "Structure" to mean something that is built or constructed, or any piece of
17 work artificially composed of parts joined together in some definite manner.

18 z. "Unknown Failure" means an occurrence in which a portion of a pipeline
19 system fails, and: the cause cannot be attributed to any observable external corrosion, third-party
20 damage, natural or outside force, construction or material defect, equipment malfunction, or
21 incorrect operations; or the operator and the Office of Pipeline Safety disagree as to the cause.

22 4. The recommended amendments would update the following contact information:

23 a. Change contact telephone numbers for the Office of Pipeline Safety. R14-5-
24 203(B)(1), (B)(2).

25 b. Change the address for the "Information Resources Manager, Office of
26 Pipeline Safety, Pipeline and Hazardous Materials Safety Administration, Rm. 7128, 400 Seventh
27 St., S. W., U.S. Department of Transportation Washington, D.C. 20590" to "the Pipeline and
28 Hazardous Materials Safety Administration at <http://opsweb.phmsa.dot.gov/> or submit a written

1 request for an alternative reporting method to "The Information Resources Manager, Office of
2 Pipeline Safety, Pipeline and Hazardous Materials Safety Administration, U. S. Department of
3 Transportation, PHP-20, 1200 New Jersey Ave. SE., Washington, DC 20590.. R14-5-203(C)(5).

4 c. Modify the location of Techstreet from "777 E. Eisenhower Pkwy, Ann
5 Arbor, MI 48108" to "<http://www.techstreet.com>" and replaced the reference to "Office of
6 Pipeline Safety, 2200 N. Central Ave., Ste. 300, Phoenix AZ 85004" with "American Petroleum
7 Institute, 1220 L. Street, NW, Washington, DC 20005-4070" R14-5-202(E)(2).

8 d. Update the location of the ASME to Three Park Ave., New York, NY
9 10016-5990. R14-5-202(R), R14-5-205(O) – now R14-5-207(O).

10 e. Change the address for all PHMSA annual reports from "The Information
11 Resources Manager, Office of Pipeline Safety, Pipeline and Hazardous Materials Safety
12 Administration, U. S. Department of Transportation, Rm 7128, 400 Seventh St., S. W.
13 Washington, D.C. 20590 to "the Pipeline and Hazardous Materials Safety Administration at
14 <http://opsweb.phmsa.dot.gov/>". R14-5-204(A)(1), (A)(2), (A)(3), (B).

15 5. Additionally, the proposed amendments would update the following reporting
16 criteria:

17 a. Update the revision date for the conditions for telephonic and written
18 reporting of a release of hazardous liquid resulting from a pipeline maintenance activity from
19 "(1994 revision and no future revisions)" to "(2010 revision and no future revisions)". R14-5-
20 203(B)(2)(f)(ii), (C)(3)(c)(ii).

21 b. Update the criteria for telephonically reporting the release of natural gas,
22 other gas or liquefied natural gas to include "Injury to any person resulting in loss of
23 consciousness". R14-5-203(B)(1)(a).

24 c. Update the property damage criteria for telephonically reporting the release
25 of natural gas, other gas or liquefied natural gas to "Property damage, including the value of all
26 released gas, estimated in excess of \$5,000. R14-5-203(B)(1)(a).

27 d. Update the criteria for telephonically reporting an incident to include
28 "Unintentional release of gas from a transmission pipeline identified as being located in an

1 identified high consequence area” and “Evacuations and outages”. R14-5-203(B)(1)(a)(v),
2 (B)(1)(g).

3 e. Update the property damage criteria for written reporting of incidents to
4 “Evacuations, outages and property damage, including the value of all released gas, estimated in
5 excess of \$25,000”. R14-5-203(C)(1)(c).

6 f. Update written incident reporting form revision dates to January, 2010. R14-
7 5-203(C)(2)(a), (C)(2)(b), (C)(2)(c), (C)(3).

8 g. Update the PHMSA annual report form and instructions for hazardous liquid
9 or carbon dioxide systems to the January 2011 edition. R14-5-204(A)(1).

10 h. Update the PHMSA annual report form and instructions for Gas Distribution
11 Systems and Gas Transmission and Gathering Systems to the January 2011 edition. R14-5-204
12 (A2), (A3).

13 i. Update to add: PHMSA F7100.3-1 (November 2010 Edition and no future
14 editions) – “Annual Report for Calendar 20__, Liquefied Natural Gas (LNG) Facilities,” and
15 instructions for completing Form F7100.3-1 (10-2011), Annual Report for Calendar Year 20__,
16 Liquefied Natural Gas (LNG) Facilities,” incorporated by reference and copies available from the
17 Office of Pipeline Safety , 2200 N. Central Ave., Ste. 300 Phoenix, AZ 85004 and the Pipeline and
18 Hazardous Materials Safety Administration at <http://opsweb.phmsa.dot.gov/>. R14-5-204(A4).

19 j. Update master meter annual report form to MM-04 (Latest revision). R14-5-
20 205(Q) – now R14-5-207(Q).

21 6. Finally, the proposed amendments would update the following standards:

22 a. Update “steel pipe shall be installed with bedding and shading” to “steel
23 pipe shall be installed with a minimum of 6 inches of sandy type soil surrounding the pipe for
24 bedding and shading”. R14-5-205(I) – now R14-5-207(H).

25 b. Update “Each welder must be qualified in accordance with API Standard
26 1104, 49 CFR 192, appendix A” to “ Each welder must be qualified in accordance with API
27 Standard 1104, 49 CFR 192, 192.7”. R14-5-202(Q), R14-5-205(K) – now R14-5-207(J).

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2 c. Update R14-5-205 "Master Meter Systems" to become R14-5-207 and to be
3 a complete revision with substantive changes included here separately.

4 d. Update to add new section R14-5-205 "Commission Investigations".

5 e. Update to add new section R14-5-206 "Employee Drug and Alcohol Testing
6 Requirements".

7 f. Update to add new rule for master meter cathodic protection systems
8 requiring operators of a master meter system that install a new underground steel pipeline system
9 shall provide a cathodic protection system designed to protect the pipeline in its entirety prior to
10 placing the system into service. Whenever an existing underground steel pipeline system is
11 repaired, partially replaced, or relocated, it shall be provided with a cathodic protection system
12 within 45 days of completion. The criteria for cathodic protection shall be a voltage of at least
13 negative 0.85 volts direct current (-0.85Vdc) as measured using a saturated copper-copper sulfate
14 half cell. R14-5-205(M) – now R14-5-207(L).

15 7. Pursuant to Laws 2009, Chapter 7, § 28 ("Moratorium"), an agency shall not
16 conduct any rulemaking that would impose increased monetary or regulatory costs on other state
17 agencies, political subdivisions, persons, or individuals or would not reduce the regulatory burden
18 on the persons or individuals so regulated. The moratorium was extended to fiscal year 2011 by
19 Laws 2010, Chapter 287, § 18. By its own terms, the moratorium does not apply to rulemakings
20 "[t]o prevent a threat to the public health, peace or safety" (Moratorium subsection B(3)) and "[t]o
21 eliminate or replace archaic or illegal rules" (Moratorium subsection B(7)).

22 8. Staff believes that amendment of the pipeline safety rules is appropriate despite the
23 moratorium because it satisfies the requirements of the exceptions articulated at Moratorium
24 subsections B(3) and B(7). Staff believes the rules will improve public safety by adopting the
25 most current standards for the regulation of pipelines. Likewise, because the amendments updates
26 references to federal rule standards that are no longer current, the rulemaking replaces obsolete
27 rule references. In light of recent pipeline safety incidents around the country, including the San
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1 Bruno pipeline explosion occurring on September 9, 2010, Staff's recommendation is reasonable
2 to prevent a threat to the public health, peace and safety and to eliminate archaic rule provisions.

3 9. Staff further recommends that the effective date for the rule amendments should be
4 immediately upon Attorney General approval. Staff believes the interest in safety that the rule
5 amendments promote, justifies the immediate implementation and effectiveness of the
6 amendments.

7 10. Staff believes that the proposed amendments will be beneficial to the general public
8 by maintaining the safe operation of pipeline facilities. Therefore, Staff recommends that the
9 proposed amendments to the Rules be forwarded to the Secretary of State for Notice of proposed
10 Rulemaking. Staff further recommends that a public comment oral hearing be scheduled on the
11 proposed amendment to the Rules no earlier than thirty (30) days after publication in the Arizona
12 Register, but as soon as practicable thereafter, in Phoenix or Tucson, Arizona.

13 11. A.R.S. § 41-1028 allows an agency to incorporate by reference in its rules all or any
14 part of a code or standard of a nationally recognized organization or association if incorporation of
15 the text in the rules would be unduly cumbersome, expensive, or otherwise inexpedient. The
16 statute requires the reference to fully identify the incorporated matter by location, date, and
17 otherwise; to state that the rule does not include any later amendments or editions of the
18 incorporated matter; and to state where copies of the incorporated matter are available from the
19 agency issuing the rule and the organization or association originally issuing the matter. Further,
20 the statute provides that an agency may incorporate later amendments or editions of the
21 incorporated matter only after compliance with the rulemaking requirements of A.R.S. Title 41,
22 Chapter 6, the Administrative Procedure Act.

23 12. The rules of the Secretary of State require an incorporation by reference to include
24 the publisher's name and address, the date of publication, and a location where the item is
25 available if different from the publisher's location (A.A.C. R1-1-414). The rule also clarifies that
26 items incorporated by reference and filed with an agency's final rules prior to September 18, 2003,
27 remain on file at the Office of the Secretary of State, while items incorporated by reference
28 thereafter are to be kept on file with the agency issuing the rule. (*Id.*)

1 13. A.R.S. § 41-1057(2) exempts Commission rules from A.R.S. Title 41, Chapter 6,
2 Article 5, pertaining to review and approval of rulemakings by the Governor's Regulatory Review
3 Council, but requires the Commission to "adopt substantially similar rule review procedures,
4 including the preparation of an economic impact statement and a statement of the effect of the rule
5 on small business."

6 14. A.R.S. § 41-1044 requires the Attorney General to review rules that are exempt
7 pursuant to A.R.S. § 41-1057 as to form and whether the rules are clear, concise, and
8 understandable; within the power of the agency to make; within the enacted legislative standards;
9 and made in compliance with appropriate procedures.

10 15. Staff recommends that the Commission direct Staff to file with the Office of the
11 Secretary of State, for publication in the *Arizona Administrative Register* no later than July 29,
12 2011, (1) a Notice of Rulemaking Docket Opening and (2) a Notice of Proposed Rulemaking that
13 includes the text of the rules as included in Exhibit A, attached hereto and incorporated herein by
14 reference.

15 16. Staff recommends that the Commission hold an oral proceeding to receive public
16 comment on the Notice of Proposed Rulemaking on September 19, 2011, at 10:00 a.m. or as soon
17 as practicable thereafter, in Hearing Room #1 at the Commission's offices in Phoenix, Arizona.

18 17. Staff further recommends that interested persons be requested to provide comments
19 concerning the Notice of Proposed Rulemaking by filing written comments with the Commission's
20 Docket Control by September 19, 2011; and be permitted to provide oral comments at the oral
21 proceeding to be held on September 19, 2011.

22 18. Staff further recommends that the Commission establish additional procedural
23 deadlines and requirements consistent with the Administrative Procedure Act and prior
24 Commission rulemakings.

25 19. It is appropriate to establish in this Order requirements regarding the contents of the
26 Preamble to the Notice of Proposed Rulemaking; Staff's ensuring that misfiled comments are filed
27 with the Commission's Docket Control; Staff's preparation and filing of an Economic, Small
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1 Business, and Consumer Impact Statement; and Staff's filing of summaries of interested persons'
2 comments and Staff's responses thereto.

3 CONCLUSIONS OF LAW

4 1. Pursuant to A.R.S. § 40-441, the Commission has jurisdiction to amend A.A.C.
5 R14-5-201, R14-5-202, R14-5-203, R14-5-204, and R14-5-205 as reflected in Exhibit A.

6 2. Staff's recommendations made in Findings of Fact Nos. 16 through 18 are
7 appropriate and should be followed.

8 ORDER

9 IT IS THEREFORE ORDERED that the Utilities Division shall prepare and file with the
10 Office of the Secretary of State by July 29, 2011, for publication in the *Arizona Administrative*
11 *Register* no later than August 19, 2011, (1) a Notice of Rulemaking Docket Opening and (2) a
12 Notice of Proposed Rulemaking that includes the text of the rules as included in Exhibit A,
13 attached hereto and incorporated herein by reference.

14 IT IS FURTHER ORDERED that an oral proceeding to receive public comment on the
15 Notice of Proposed Rulemaking shall be held on September 19, 2011, at 10:00 a.m. or as soon as
16 practicable thereafter, in Hearing Room No. 1 at the Commission's offices in Phoenix, Arizona.

17 IT IS FURTHER ORDERED that interested persons are requested to provide comments
18 concerning the Notice of Proposed Rulemaking by filing written comments with the Commission's
19 Docket Control by September 19, 2011; and/or may provide oral comments on the Notice of
20 Proposed Rulemaking at the oral proceeding to be held on September 19, 2011.

21 IT IS FURTHER ORDERED that the Utilities Division shall ensure that the Preamble to
22 the Notice of Proposed Rulemaking conforms to the requirements of A.R.S. § 41-1001(14) and
23 provides notice of the date, time, and location of the oral proceeding required herein.

24 IT IS FURTHER ORDERED that the Utilities Division shall ensure that the Preamble to
25 the Notice of Proposed Rulemaking states (1) that written comments on the Notice of Proposed
26 Rulemaking should include a reference to Docket No. RG-00000A-11-0161; (2) that written
27 comments should be filed with the Commission's Docket Control; (3) that written comments are
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1 requested to be filed by September 19, 2011; (4) that oral comments may be provided at the oral
2 proceeding to be held on September 19, 2011.

3 IT IS FURTHER ORDERED that the Utilities Division shall ensure that any written
4 comments submitted to the Utilities Division rather than the Commission's Docket Control are
5 promptly filed with the Commission's Docket Control.

6 IT IS FURTHER ORDERED that the Utilities Division shall, on or before August 19,
7 2011, file with the Commission's Docket Control an Economic, Small Business, and Consumer
8 Impact Statement that addresses the economic impacts of the recommended changes to the rules as
9 included in Exhibit A and conforms to the requirements of A.R.S. § 41-1057(2).

10 IT IS FURTHER ORDERED that the Utilities Division shall, on or before October 3,
11 2011, file with the Commission's Docket Control (1) a Staff Memorandum including a summary
12 of any written comments that were filed by interested persons between the effective date of this
13 Decision and September 19, 2011, (2) a summary of any oral comments provided at the oral
14 proceeding in this matter, and (3) the Utilities Division's response to those comments.

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1 IT IS FURTHER ORDERED that the Utilities Division shall, on or before October 11,
2 2011 file with the Commission's Docket Control either a revised Economic, Small Business, and
3 Consumer Impact Statement or a memorandum explaining why no revision of the prior filed
4 Economic, Small Business, and Consumer Impact Statement is necessary.

5 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

6 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

7
8 CHAIRMAN

COMMISSIONER

9
10
11 COMMISSIONER

COMMISSIONER

COMMISSIONER

12 IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,
13 Executive Director of the Arizona Corporation Commission,
14 have hereunto set my hand and caused the official seal of the
15 Commission to be affixed at the Capitol, in the City of
16 Phoenix, this _____ day of _____, 2011.

17 _____
18 ERNEST G. JOHNSON
19 EXECUTIVE DIRECTOR

20 DISSENT: _____

21 DISSENT: _____

22 SMO:RLM:lh\CH
23
24
25
26
27
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SERVICE LIST FOR:
DOCKET NO. RG-00000A-11-0161

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7	Mr. Jay Howe Director City of Safford Post Office Box 272 Safford, Arizona 85548	Pinal County Building Inspections Queen Creek, Magma Gas Area Building Safety Division Post Office Box 827 31 North Pinal St. Bldg. D Florence, Arizona 85232
10	Mr. Nathan Shelly General Manager Unisource Energy 1300 South Yale Street Flagstaff, Arizona 86001	Mr. Greg Merdick Cox Communication Community Relations 1550 W. Deer Valley Rd. Phoenix, Arizona 85027
13	Mrs. Debra Gallo Manager Regulatory Affairs Southwest Gas Corporation Post Office Box 98510 Las Vegas, Nevada 89193-8510	Chris Dyrek Cable America 4120 E. Valley Auto Dr. Mesa, Arizona 85206
16	Mr. Jim Kane President Southwest Gas Corporation Post Office Box 98510 Las Vegas, Nevada 89193-8510	Jones Intercable Regulatory Division 8251 North Cortaro Road Tucson, Arizona 85743-9599
19	Mr. Pat McCourt City Manager City of Willcox 250 N. Railroad Avenue Willcox, Arizona 85643	Tucson Electric Power Legal Department – DB203 220 West 6 th Street Post Office Box 711 Tucson, Arizona 85072
22	Mr. Greg Dahl Manager Applied LNG Technologies 5499 Agoura Road, Suite 298 Westlake Village, CA 91361	Mr. David Martin Association of General Contractors 1825 West Adams Phoenix, Arizona 85007
25	Mr. Doug Adams Plant Manger Nucor Steel Kingman 3000 Highway 66 South Kingman, Arizona 86413	Mr. Clark Tartar and Mr. Frank Harris Arizona Pipeline Company 3111 West Lincoln Street Phoenix, Arizona 85009
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**TITLE 14. PUBLIC SERVICE CORPORATIONS; CORPORATIONS AND
ASSOCIATIONS; SECURITIES REGULATION**

CHAPTER 5. CORPORATION COMMISSION – TRANSPORTATION

ARTICLE 2. PIPELINE SAFETY

Section

R14-5-201. Definitions

R14-5-202. Construction and Safety Standards for Gas, LNG, and Hazardous Liquid Pipeline Systems

R14-5-203. Pipeline Incident Reports and Investigations

R14-5-204. Annual Reports

R14-5-205. Commission Investigations

R14-5-206. Employee Drug and Alcohol Testing Requirements

~~R14-5-205.~~ R14-5-207. Master Meter System Operators

ARTICLE 2. PIPELINE SAFETY

R14-5-201. Definitions

As used in this Article:

1. “Abandon” means disconnecting ~~the~~ a pipeline from all sources and supplies of gas, or hazardous liquids, purging ~~the~~ all gas or hazardous liquids from the pipeline, ~~being disconnected~~ and capping all ends of the pipeline.
2. “Building” means any structure intended for supporting or sheltering any occupancy.
3. “Business District” means an area where the public congregate for economic, industrial, religious, education, health, or recreational purposes and where two or more buildings used for any of these purposes are located within 100 yards of each other.
4. “Commission” means the Arizona Corporation Commission.
5. “Discontinuation of Service” means anytime following the testing of a service line or meter set assembly the operator determines that additional actions must be taken and the time to effect repairs will exceed 4 hours before restoring service to the customer due to a leak or hazardous operating condition on the operator’s system.
6. “Evacuation” means denied entry into or the organized clearing of:
 - a. One hundred or more individuals from any number of buildings;
 - b. All of the individuals present from five or more buildings; or

- c. Individuals representing five or more customer accounts from a single building such as a strip mall; or
- d. A building occupied by persons who are confined, are of impaired mobility, or would be difficult to evacuate because of their age or physical or mental condition or capabilities, such as a hospital, prison, school, daycare facility, retirement facility, or assisted living facility.
- 7. "Gas" means natural gas, flammable gas, or toxic or corrosive gas and includes LPG that is vaporized.
- 8. "Hazardous liquid" means:
 - a. Petroleum,
 - b. A petroleum product, or
 - c. Anhydrous ammonia.
- 9. "High Consequence Area" has the same meaning as in 49 CFR 192.903, which is incorporated by reference in R14-5-202.
- 10. "Independent laboratory" means a laboratory that is not owned or operated by an operator and that has no affiliation with the operator through ownership, contract, or familial relationship.
- 5.11. "Intrastate pipeline" means all pipeline facilities, included in the definition of "pipeline system" that are used by a ~~public service corporations~~ provider to transport ~~natural~~ gas, Liquefied Natural Gas ("LNG"), ~~other gas or a hazardous liquids~~ liquid within Arizona, and that are not used to transport gas, LNG, or a hazardous liquids liquid in interstate or foreign commerce. This includes, without limitation, any equipment, facility, building, or other property used or intended for use in transporting gas, LNG, or hazardous liquids.
- 12. "Liquefied natural gas" means natural gas or synthetic gas having methane (CH₄) as its major constituent, which has been changed to a liquid.
- 13. "LNG" means liquefied natural gas.
- 14. "LNG facility" means those portions of a pipeline system that are used for transporting or storing LNG or for LNG conversion.
- 15. "LPG" means liquefied petroleum gas.
- 16. "MAOP" means maximum allowable operating pressure, the maximum pressure at which a natural gas, LPG, or other gas pipeline or segment of pipeline may be operated.

- ~~6-17.~~ "Master meter system" means physical facilities for distributing gas within a definable area where the operator purchases metered gas from a public service corporation provider to provide gas service to two or more buildings other than at a single family residence.
18. "Office of Pipeline Safety" means the Commission personnel assigned to perform the Commission's day-to-day activities under A.R.S. Title 40, Chapter 2, Article 10, who are headquartered at 2200 North Central Avenue, Suite 300, Phoenix, AZ 85004.
- ~~7-19.~~ "Operator" means a person that owns or operates a pipeline system or master meter system.
20. "OPS" means "Office of Pipeline Safety," as defined herein.
21. "Outage" means discontinuation of service:
- a. Concurrently to 250 or more residential customer accounts or to 10 or more commercial customer accounts; or
 - b. To a building occupied by persons who are confined, are of impaired mobility, or would be difficult to evacuate or relocate because of their age or physical or mental condition or capabilities, such as a hospital, prison, school, daycare facility, retirement facility, or assisted living facility.
- ~~8-22.~~ "Person" means any individual, firm, joint venture, partnership, corporation, association, cooperative association, joint stock association, trustee, receiver, assignee, or personal representative, or the state or any political subdivision thereof of the state.
23. "PHMSA" means the U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration.
- ~~9-24.~~ "Pipeline system" means all parts of ~~these~~ the physical facilities that are used by of a public service corporations corporation or provider through which natural gas, LPG, LNG, other gases or hazardous liquids move in transportation, including, but not limited to, pipes, compressor units, metering stations, regulator stations, delivery stations, holders, ~~and~~ fabricated assemblies, and other equipment, buildings, and property so used.
- ~~10.~~ "Office of Pipeline Safety" means the Pipeline Safety personnel for the Commission.
25. "Provider" means any intrastate gas pipeline operator, public service corporation, or municipality that provides natural gas or LPG service to a master meter customer.
26. "PSIG" means pounds per square inch gauge.

27. “Public service corporation” has the same meaning as in Article 15, § 2 of the Arizona Constitution.
- 11-28. “Sandy type soil” means sand no larger than “coarse” as defined by American Society for Testing Materials, ASTM D-2487-83, *Standard Practice for Classification of Soils for Engineering Purposes* (1983 Edition), including no future editions or amendments, which is incorporated by reference; (and no future amendments) and on file with the Office of the Secretary of State and copies available from the Commission Office of Pipeline Safety, 1200 West Washington, Phoenix, Arizona 85007; and published by and available from ASTM International, 100 Barr Harbor Drive, P.O. Box C700, West Conshohocken, PA, 19428-2959.
29. “Sour gas” means natural gas that contains the corrosive sulfur-bearing compound hydrogen sulfide (H₂S).
30. “Sour oil” means crude oil containing the impurity sulfur in a concentration greater than 0.5 percent.
- 12-31. “State” means the state of Arizona and all lands within its boundaries.
- 13-32. “Structure” means something that which is built or constructed, an edifice or building of any kind or any piece of work artificially built or composed of parts joined together in some definite manner.
- 14-33. “Transport” or “transportation” of gas, LNG or a hazardous liquids liquid means the gathering, transmission, distribution, or storage of gas, LNG, or a hazardous liquids liquid by using a pipeline system within the state.
34. “Unknown failure” means an occurrence in which a portion of a pipeline system fails, and:
- a. The cause cannot be attributed to any observable external corrosion, third-party damage, natural or other outside force, construction or material defect, equipment malfunction, or incorrect operations; or
 - b. The operator and the Office of Pipeline Safety disagree as to the cause.

R14-5-202. Construction and Safety Standards for Gas, LNG, and Hazardous Liquid Pipeline Systems

- A. Applicability: This ~~rule~~ Section applies to the construction, reconstruction, repair, operation and maintenance of ~~all~~ each intrastate ~~natural~~ gas, other gas, LNG and or hazardous liquid pipeline systems, ~~as described in A.R.S. § 40-441.~~
- B. Subject to the definitional changes in R14-5-201 and the revisions noted in subsection (C), the Commission adopts, incorporates, and approves as its own 49 CFR 40, 191, 192 except I (2) and (3) of Appendix D to Part 192, 193, 195, except 195.1(b)(2), ~~and (3)~~ and (4), and 199, revised as of ~~August 1, 2006~~ October 1, 2010 (and no future amendments), incorporated by reference and copies available from the ~~Office of Pipeline Safety, 2200 N. Central Ave., Ste. 300, Phoenix, AZ 85004 and the United States Government Printing Office, P.O. Box 371954, Pittsburgh, PA 15250-7954.~~ at 710 North Capital Street N. W., Washington DC 20401 and through <http://www.gpo.gov/fdsys/>.
- C. The above mentioned incorporated Parts of 49 CFR, except Parts 191, ~~193 Subpart A and 195 Subpart A and B~~ and 199, are revised as follows:
1. Substitute "Commission" where ~~"Administrator of the Research and Special Programs Administration"~~ "Administrator", Pipeline and Hazardous Materials Safety Administration or "Office of Pipeline Safety" (OPS) appear.
 2. Substitute "Office of Pipeline Safety, Arizona Corporation Commission, at its office in Phoenix, Arizona" where the address for the Information Resources Manager, Office of Pipeline Safety, Pipeline and Hazardous Materials Safety Administration, U.S. Department of Transportation appears.
- D. 49 CFR 192.605, 193.2503, 193.2509, 193.2513, 193.2605, 193.2903 and 195.402 are modified to state: Operators of an intrastate pipeline will file with the Commission an Operation and Maintenance Plan (O & M), including an emergency plan, 30 days prior to

placing a pipeline system into operation. Any changes in existing plans will be filed within 30 days of the effective date of the change.

E. Operators of an intrastate pipeline transporting sour gas or sour oil are subject to industry standards addressing facilities handling hydrogen sulfide (H₂S). Standards adopted are:

1. NACE Standard MR-0175-99 (1999 Revision); (and no future revisions), Standard Materials Requirements-Sulfide Stress Cracking Resistant Metallic Material for Oilfield Equipment, incorporated by reference and no future amendments. Copies are available from ~~the Office of Pipeline Safety, 2200 N. Central Ave., Ste. 300, Phoenix, AZ 85004~~ and the NACE International, 1440 S. Creek Dr., Houston, TX 77084-4906.

2. API RP55 (1995 Edition); (and no future amendments), API recommended practice for conducting oil and gas production operations involving hydrogen sulfide, incorporated by reference and no future amendments. Copies are available from the ~~Office of Pipeline Safety, 2200 N. Central Ave., Ste. 300, Phoenix, AZ 85004~~ and ~~Techstreet, 777 E. Eisenhower Pkwy., Ann Arbor, MI 48108.~~ American Petroleum Institute, 1220 L Street, NW, Washington, DC 20005-4070 and <http://www.techstreet.com/>.

F. 49 CFR 192.361 and 195.210 are modified to state: Operators of an intrastate pipeline transporting LNG, hazardous liquid, natural gas or other gas will not construct any part of a hazardous liquid, LNG, natural gas or other gas pipeline system under a building. For building encroachments over a pipeline system, the operator may require the property owner to remove the building from over the pipeline or reimburse the operator the cost associated with relocating the pipeline system. The encroachment shall be resolved within 180 days of discovery, or the operator shall discontinue service to the pipeline

system. When the encroachment cannot be resolved within the 180 days the operator shall submit to the Office of Pipeline Safety within 90 days of discovery a written plan to resolve the encroachment. The Office of Pipeline Safety may then extend the 180-day requirement in order to allow the ratepayer and the operator to implement the written plan to resolve the encroachment.

- G. 49 CFR 192.361 is modified to state: Operators of an intrastate distribution pipeline transporting natural gas or other gas will not construct any part of a pipeline system closer than 8 inches to any other underground structure. If the 8-inch clearance cannot be maintained from other underground structures, a sleeve, casing, or shielding shall be used.
- H. 49 CFR 192.727 is modified to state: Operators of an intrastate pipeline transporting natural gas or other gas that have regulators, meters, or regulation meter sets that have been out of service for 36 months will abandon those lines and cap all ends. The Operator's steps to accomplish the abandonment shall not exceed six months beyond the 36 months out service status.
- I. 49 CFR 192.357 and 192.361 are modified to state: Operators of an intrastate pipeline shall not install or operate a gas regulator that might release gas in its operation closer than three feet to a source of ignition, opening into a building, air intake into a building or to any electrical source not intrinsically safe. The three foot clearance from a source of ignition will be measured from the vent or source of release (discharge port), not from the physical location of the meter set assembly. This subsection shall not be effective with respect to building permits which ~~are~~ were issued prior to October 1, 2000, or in a ~~and subdivisions~~ subdivision ~~which are~~ platted prior to October 1, 2000. For encroachment

within the required three foot clearance caused by an action of the property owner, occupant or a service provider, after the effective date of this rule the operator may require the property owner to resolve the encroachment or reimburse the operator the cost associated with relocating the pipeline system. The encroachment shall be resolved within 180 days of discovery or the operator shall discontinue service to the effected pipeline system. When the encroachment cannot be resolved within the 180 days the operator shall submit to the Office of Pipeline Safety within 90 days of discovery a written plan to resolve the encroachment. The Office of Pipeline Safety may then extend the 180-day requirement in order to allow the ratepayer and the operator to implement the written plan to resolve the encroachment.

- J. 49 CFR 192 appendix D, 193.2629 and 195.571 are modified to state: Operators of an intrastate pipeline transporting LNG, natural gas, other gases or hazardous liquid will utilize a cathodic protection system designed to protect the metallic pipeline in its entirety, in accordance with 49 CFR 192, Subpart I, ~~August 1, 2006~~ October 1, 2010 except I (2) and (3) of Appendix D to Part 192 shall not be utilized (and no future amendments), incorporated by reference, and copies available from ~~the Office of Pipeline Safety, 2200 N. Central Ave., Ste. 300, Phoenix, AZ 85004, and the United States Government Printing Office, P.O. Box 371954, Pittsburgh, PA 15250-7954, except I (2) and (3) of Appendix D to Part 192 shall not be utilized.~~ At 710 North Capital Street, N. W., Washington, DC 20401 and through <http://www.gpo.gov/fdsys/>.
- K. 49 CFR 192.281 is modified to state: Operators of an intrastate pipeline transporting natural gas or other gas will not use solvent cement to join together plastic pipe manufactured from different materials unless the operator utilizes a joining procedure in

accordance with the specifications of 49 CFR 192, Subpart F, ~~August 1, 2006~~ October 1, 2010 (and no future amendments), incorporated by reference, and copies available from ~~the Office of Pipeline Safety, 2200 N. Central Ave., Ste. 300, Phoenix, AZ 85004, and the United States Government Printing Office, P.O. Box 371954, Pittsburgh, PA 15250-7954.~~ at 710 North Capital Street, N. W., Washington, DC 20401 and through <http://www.gpo.gov/fdsys/>.

- L. 49 CFR 192.53 is modified to state: Operators of an intrastate pipeline transporting hazardous liquid, natural gas or other gas will not install Acrylonitrile-Butadiene-Styrene (ABS) or aluminum pipe in their pipeline systems.
- M. 49 CFR 192.321 is modified to state: Operators of an intrastate pipeline transporting hazardous liquid, natural gas or other gas will not install plastic pipe aboveground unless the plastic pipeline is protected by a metal casing, or equivalent, and approved by the Office of Pipeline Safety. Temporary aboveground plastic pipeline bypasses are permitted for up to 60 days, provided that the plastic pipeline is protected and is under the direct supervision of the operator at all times.
- N. 49 CFR 192.321 is modified to state: Operators of an intrastate pipeline transporting hazardous liquid, natural gas or other gas that construct a pipeline system or any portion thereof using plastic pipe, will install, at a minimum, a 14-gauge coated or corrosion resistant, electrically conductive wire as a means of locating the pipe while it is underground. Tracer wire shall not be wrapped around the plastic pipe. Tracer wire may be taped, or attached in some manner to the pipe provided that the adhesive or the attachment is not detrimental to the integrity of the pipe wall.

- O. 49 CFR 192.361 and 195.246 are modified to state: Operators of an intrastate pipeline transporting natural gas, other gas or hazardous liquid, that construct an underground pipeline system using plastic pipe, will bury the installed pipe with a minimum of 6 inches of sandy type soil surrounding the pipe for bedding and shading, free of any rock or debris, unless otherwise protected and approved by the Office of Pipeline Safety. Steel pipe shall be installed with a minimum of 6 inches of sandy type soil surrounding the pipe for bedding and shading, free of any debris or materials injurious to the pipe coating, unless otherwise protected and approved by the Office of Pipeline Safety.
- P. 49 CFR 192.63 is modified to state: Operators of an intrastate pipeline transporting natural gas or other gas that construct an underground pipeline system using plastic pipe will install the pipe with sufficient slack to allow for thermal expansion and contraction. In addition, all plastic pipe and fittings shall be tested and marked CD, CE, CF or CG as required by ASTM D2513 for use in areas where the service temperature is above 100° F (1995c Edition and no future editions), incorporated by reference, and copies available from ~~the Office of Pipeline Safety, 2200 N. Central Ave., Ste. 300, Phoenix, AZ 85004~~ and ASTM International, 100 Barr Harbor Dr., P.O. Box C700, W. Conshohocken, PA 19428-2959, ~~for areas where the service temperature is above 100° F.~~
- Q. CFR 192.225, 192.227, 195.214 and 195.222 are modified to state: Operators of an intrastate pipeline system transporting hazardous liquid, natural gas or other gases shall qualify welding procedures and shall perform welding of steel pipelines in accordance with API Standard 1104. Each welder must be qualified in accordance with API Standard 1104, 49 CFR 192, ~~appendix A~~ 192.7. The qualification of welders delineated in 49 CFR 192, appendix C may be used for low stress level pipe.

- R. 49 CFR 192.706 is modified to state: Operators of an intrastate pipeline transporting natural gas or other gas pipeline system shall survey and grade all detected leakage by the following guide: ASME Guide for Gas Transmission and Distribution Pipeline System, Guide Material, Appendix G-11-1983 except 4.4(c) (1983 Revision and no future revisions), incorporated by reference and copies available from the ~~Office of Pipeline Safety, 2200 N. Central Ave., Ste. 300, Phoenix, AZ 85004 and the ASME, United Engineering Center, 345 E. 47th St., New York, NY 10017~~ ASME Three Park Ave., New York, NY 10016-5990. ("Should" as referenced in the Guide will be interpreted to mean "shall"). Leakage survey records shall identify in some manner each pipeline surveyed. Records shall be maintained to demonstrate that the required leakage survey has been conducted.
- S. 49 CFR 192.617, 193.2515 and 195.402 are modified to state: ~~Laboratory testing of intrastate pipelines shall be conducted in accordance with the following:~~ In the event of an unknown failure of a gas, LNG, or hazardous liquid pipeline, resulting in the operator's being required to provide a telephonic or written report under R14-5-203 (B) or (C) and in the operator's removing a portion of the failed pipeline, the following shall occur:
1. ~~If an operator of an intrastate natural gas, other gas, or hazardous liquid pipeline removes a portion of a failed pipeline, where the cause of the failure is unknown, as the result of an incident that requires a telephonic or written incident report under R14-5-203(B) or (C), the~~ The operator shall retain the portion of failed pipeline that was removed;

2. ~~and The operator~~ shall telephonically notify the Office of Pipeline Safety of the removal within two hours after the removal is completed, providing the following information. ~~A notice made pursuant to this subsection shall include all of the following:~~

- a. Identity of the failed pipeline,
- b. Description and location of the failure,
- c. Date and time of the removal,
- d. Length or quantity of the removed portion, and
- e. Storage location of the removed portion,
- f. Any additional information about the failure or the removal of the portion of the failed pipeline ~~that failed~~ that is requested by the Office of Pipeline Safety; ~~An unknown failure is any failure where the cause of the failure is not observable external corrosion, third party damage, natural or other outside forces, construction or material defect, equipment malfunction or incorrect operations; or is any failure where the Office of Pipeline Safety and the operator do not agree as to the cause of the failure.~~

23. Within 48 hours after receiving telephonic notification pursuant to subsection ~~(4)(S)(2)~~, the Office of Pipeline Safety shall:

- a. Determine, based on the information provided by the operator and the availability, adequacy, and reliability of any pipeline testing laboratory operated by the operator, whether it is necessary to have the removed portion of pipeline tested at an independent laboratory; and
- b. notify ~~Telephonically notify~~ the operator that either:
 - a. i. ~~That The Office of Pipeline Safety is directing the operator to~~ must have the removed portion of the pipeline ~~that was removed~~ tested,

in accordance with Office of Pipeline Safety directions, by a an independent laboratory selected by the Office of Pipeline Safety as provided in subsection (S)(5), to determine the cause or causes of the failure; or

- b. ~~ii.~~ That The Office of Pipeline Safety the operator is not directing required to have the removed portion of pipeline tested by an independent laboratory testing and instead must conduct testing in its own pipeline testing laboratory, after which and the operator may discard the removed portion of the pipeline that was removed;

4. After providing telephonic notice as provided in subsection (S)(3)(b), The-the Office of Pipeline Safety shall confirm its notification in writing;

3.5. If the Office of Pipeline Safety directs testing by an independent laboratory testing pursuant to subsection (2)(a):

a. The Office of Pipeline Safety shall:

- i. Determine, as provided in subsection (S)(6), the independent laboratory that will do the testing pursuant to subsection (4) and the period of time within which the testing is to be completed;
- ii. Approve Determine, based on the available information concerning the failure, the number and types of tests to be performed on the removed pipeline; and
- iii. Notify the operator of its determinations pursuant to subsections (3)(a)(i) and (ii);

b. The operator shall:

- i. Notify the Office of Pipeline Safety of the number and types of tests proposed by the operator. Contact the selected independent laboratory to arrange the scheduling of the required tests;
- ii. Notify the Office of Pipeline Safety, at least 20 days before the date of the tests, of the date and time of any scheduled for the laboratory tests at least 20 days before the tests are done;

- iii. At the request of the Office of Pipeline Safety, ensure that a representative of the Office of Pipeline Safety is permitted to observe any or all of the tests;
 - iv. Ensure that the original ~~laboratory~~ test results are provided to the Office of Pipeline Safety by the independent laboratory within 30 days ~~of the completion of~~ after the tests are completed; and
 - v. Pay for the independent laboratory testing.
- 4.6. In determining a an independent laboratory pursuant to ~~subsection (3)(a)(i) to perform testing required under subsection (J)~~, the Office of Pipeline Safety shall:
- a. ~~Submit a written request to at least three different independent laboratories~~ written requests for bids to conduct the testing;
 - b. ~~Consider the qualifications of the respondent laboratories~~ each responding independent laboratory's qualifications to perform the testing, including as demonstrated by:
 - i. Past experience in performing the required test or tests according to ASTM International standards, and
 - ii. Any recognition that ~~the a~~ laboratory may ~~demonstrate with~~ have received from a national or international laboratory accreditation bodies, body, such as through a certification or accreditation process;
 - ~~c. Select the laboratory that offers the optimum balance between cost and demonstrated ability to perform the required test or tests.~~
 - ~~d.c. The Office of Pipeline Safety shall not Wait to select a an independent laboratory pursuant to this subsection before either of the following, whichever occurs first until:~~
 - i. The Office of Pipeline Safety has received written bids from at least three different independent laboratories; or
 - ii. Thirty days ~~from~~ have passed since the date of the request for bids ~~has passed~~, whichever comes sooner; and
 - d. Select the independent laboratory that offers the optimum balance between cost and demonstrated ability to perform the required test or tests.

- T. All An operator shall ensure that all repair work performed on an existing intrastate pipeline transporting LNG, hazardous liquids, ~~natural gas or other gas will comply~~ complies with the provisions of this Article.
- U. The Commission may waive compliance with any of the aforementioned parts upon a finding that such a waiver is in the interest of public and pipeline safety.
- ~~V. To ensure compliance with provisions of this rule the Commission or an authorized representative thereof may enter the premises of an operator of an intrastate pipeline to inspect and investigate the property, books, papers, business methods, and affairs that pertain to the pipeline system operation.~~
- ~~W. All other Commission administrative rules are superseded to the extent they are in conflict with the pipeline safety provisions of this Article.~~

R14-5-203. Pipeline Incident Reports and Investigations

- A. Applicability. This rule applies to all intrastate pipeline systems.
- B. Required incident reports by telephone:
1. Operators of an intrastate pipeline transporting LNG, natural gas or other gas will notify by telephone the Office of Pipeline Safety at 602-262 -5601 during normal working hours and at 602-252-4449 at all other times, immediately upon discovery of the occurrence of any of the following:
 - a. The release of natural gas, other gas or liquefied natural gas (LNG) from a pipeline or LNG facility, when any of the following results:
 - i. Death or personal injury requiring hospitalization.

- ii. ~~An explosion or fire not intentionally set by the operator.~~
Injury to any person resulting in loss of consciousness.
- iii. ~~Property damage, including the value of the gas lost, estimated in excess of \$5,000.~~
An explosion or fire not intentionally set by the operator.
- iv. Property damage, including the value of all released gas, estimated in excess of \$5,000.
- v. Unintentional release of gas from a from a transmission pipeline identified as being located in an identified high consequence area.
- b. Emergency transmission pipeline shutdown.
- c. News media inquiry.
- d. Overpressure of a pipeline system where a pipeline operating at less than 12 PSIG exceeds MAOP by 50%, where a pipeline operating between 12 PSIG and 60 PSIG exceeds MAOP by 6 PSIG or where a pipeline operating over 60 PSIG exceeds MAOP plus 10%.
- e. Permanent or temporary discontinuance of gas service to a master meter system or when assisting with the isolation of any portion of a gas master meter system due to a failure of a leak test.
- f. Emergency shutdown of a LNG process or storage facility.
- g. Evacuation as defined in R14-5-201 (6).
- h. Outage as defined in R14-5-201 (21).

2. Operators of an intrastate pipeline transporting hazardous liquid will notify by telephone the Office of Pipeline Safety at 602-262-5601 during normal working hours and at 602-252-4449 at all other times, immediately upon discovery of the occurrence of any of the following:
- a. Death or personal injury requiring hospitalization.
 - b. An explosion or fire not intentionally set by the operator.
 - c. Property damage estimated in excess of \$5,000.
 - d. Pollution of any land, stream, river, lake, reservoir, or other body of water that violates applicable environmental quality, water quality standards, causes a discoloration of the surface of the water or adjoining shoreline, or deposits sludge or emulsion beneath the surface of the water or upon adjoining shorelines.
 - e. News media inquiry.
 - f. Release of 5 gallons (19 liters) or more of hazardous liquid or carbon dioxide, except that no report is required for a release of less than 5 barrels (0.8 cubic meters) resulting from a pipeline maintenance activity if the release is:
 - i. Not otherwise reportable under this Section;
 - ii. Not one described in 49 CFR 195.52(a)(4) (~~1994~~ 2010 revision and no future revisions), incorporated by reference and copies available from the Office of Pipeline Safety, 2200 N. Central Ave., Ste. 300, Phoenix, AZ 85004;
 - iii. Confined to company property or pipeline right-of-way; and

- iv. Cleaned up promptly.
 - g. Any release of hazardous liquid or carbon dioxide, that was significant in the judgment of the operator even though it did not meet the criteria of this subsection.
- 3. Telephone incident reports will include the following information:
 - a. Name of the pipeline system operator,
 - b. Name of the reporting party,
 - c. Job title of the reporting party,
 - d. The reporting party's telephone number,
 - e. Location of the incident,
 - f. Time of the incident, and
 - g. Fatalities and injuries, if any.
- C. Require written incident report:
 - 1. Operators of an intrastate pipeline transporting natural gas, LNG or other gases will file a written incident report when an incident occurs involving a natural gas or other gas pipeline that results in any of the following:
 - a. An explosion or fire not intentionally set by the operator.
 - b. Injury to a person that results in one or more of the following:
 - i. Death.
 - ii. Loss of consciousness.
 - iii. Need for medical treatment requiring hospitalization.
 - c. Evacuations, outages and property damage, including the value of the lost all released gas, estimated in excess of \$5,000 \$25,000.

- d. Emergency transmission pipeline shutdown.
 - e. Overpressure of a pipeline system where a pipeline operating at less than 12 PSIG exceeds MAOP by 50%, where a pipeline operating between 12 PSIG and 60 PSIG exceeds MAOP by 6 PSIG or where a pipeline operating over 60 PSIG exceeds MAOP plus 10%.
 - f. Emergency shutdown of a LNG process or storage facility.
2. Written incident reports concerning natural gas or other gas pipeline systems will be in the following form:
- a. PHMSA F7100.1 - Distribution System: Incident Report, (~~March, 2004~~ January, 2010 Revision and no future revisions) incorporated by reference and copies available from the Office of Pipeline Safety, 2200 N. Central Ave., Ste. 300, Phoenix, AZ 85004.
 - b. PHMSA F7100.2 - Transmission and Gathering System: Incident Report, (~~January, 2002~~ 2010 Revision and no future revisions) incorporated by reference and copies available from the Office of Pipeline Safety, 2200 N. Central Ave., Ste. 300, Phoenix, AZ 85004.
 - c. ~~Written incident reports with respect to LNG facilities will be in an investigative form defining the incident and corrective action taken to prevent a reoccurrence.~~ PHMSA F7100.3 – Liquefied Natural Gas (LNG) Facilities: Incident Report, (November, 2010) incorporated by reference and copies available from the Office of Pipeline Safety, 2200 N. Central Ave., Ste. 300, Phoenix, AZ 85004.

3. Operators of an intrastate pipeline transporting hazardous liquid will make a written incident report on PHMSA F 7000-1, (January ~~2004~~ 2010 Revision and no future revisions), incorporated by reference, and copies available from the Office of Pipeline Safety, 2200 N. Central Ave., Ste. 300, Phoenix, AZ 85004, when there is a release of hazardous liquid which results in any of the following:
- a. An explosion or fire not intentionally set by the operator.
 - b. Injury to a person that results in one or more of the following:
 - i. Death.
 - ii. Loss of consciousness.
 - iii. Inability to leave the scene of the incident unassisted.
 - iv. Need for medical treatment.
 - v. Disability which interferes with a person's normal daily activities beyond the date of the incident.
 - c. Release of 5 gallons (19 liters) or more of hazardous liquid or carbon dioxide, except that no report is required for a release of less than 5 barrels (0.8 cubic meters) resulting from a pipeline maintenance activity if the release is:
 - i. Not otherwise reportable under this Section;
 - ii. Not one described in 49 CFR 195.52(a)(4); (~~1994~~ 2010 revision and no future revisions), incorporated by reference and copies available from the Office of Pipeline Safety, 2200 N. Central Ave., Ste. 300, Phoenix, AZ 85004;
 - iii. Confined to company property or pipeline right-of-way; and

- iv. Cleaned up promptly.
 - d. Estimated property damage, including cost of clean-up and recovery, value of lost product, and damage to the property of the operator or others, or both, exceeding \$5,000.
 - e. News media inquiry.
- 4. Written incident reports as required in this Section will be filed with the Office of Pipeline Safety, within the time specified below:
 - a. Natural gas, LNG or other gas - within 20 days after detection.
 - b. Hazardous liquids - within 15 days after detection.
- 5. The Operators shall also file a copy of all DOT required written incident reports electronically with the Pipeline and Hazardous Materials Safety Administration at <http://opsweb.phmsa.dot.gov/> or submit a written request for an alternative reporting method to the Information Resources Manager, Office of Pipeline Safety, Pipeline and Hazardous Materials Safety Administration, Rm. 7128, 400 Seventh St., S.W., U.S. Department of Transportation, PHP-20, 1200 New Jersey Ave. SE., Washington, DC 20590.
- 6. After an incident involving shutdown or partial shutdown of a master meter system, an operator of a gas pipeline system shall request and obtain a clearance from the Office of Pipeline Safety before turning on or reinstating service to the master meter system or portion of the master meter system that was shut down.

D. Commission Investigations:

1. The Office of Pipeline Safety shall investigate the cause of each reportable incident, accident, or event resulting in death or an injury requiring hospitalization.
2. While investigating an incident, accident, or event, the Commission, or an authorized agent of the Commission may:
 - a. Inspect all plant and facilities of a pipeline system and all other property of a pipeline system operator;
 - b. Inspect the books, papers, business methods, and affairs of a pipeline system operator;
 - c. Make inquiries regarding and interview persons having knowledge of facts surrounding an incident or accident;
 - d. Attend, as an observer, all hearings and formal investigations concerning a pipeline system operator;
 - e. Schedule and conduct a public hearing into the incident or accident; and
 - f. Issue subpoenas to compel the production of records and the taking of testimony.
3. Late filed incident reports will be accompanied by a letter of explanation.

R14-5-204. Annual Reports

A. ~~Except for operators of an intrastate pipeline transporting LNG, all other~~ Intrastate pipeline operators will file with the Office of Pipeline Safety, not later than March 15, for the preceding calendar year, the following appropriate report(s):

1. PHMSA F 7000-1.1 (~~April 2006~~ January 2011 Edition and no future editions) – “Annual Report for calendar year 20__, hazardous liquid or carbon dioxide systems” and “Instructions for completing PHMSA F 7000-1.1 (Rev. ~~04-2006~~ 01-2011), Annual Report for calendar year 20__ hazardous liquid or carbon dioxide systems,” incorporated by reference, and copies available from the Office of Pipeline Safety, 2200 N. Central Ave., Ste. 300, Phoenix, AZ 85004 and the ~~Information Resources Manager, Office of Pipeline Safety,~~ Pipeline and Hazardous Materials Safety Administration, at <http://opsweb.phmsa.dot.gov/>. ~~U.S. Department of Transportation, Rm. 7128 400 Seventh St., S.W., Washington, DC 20590.~~
2. PHMSA F7100.1-1 (~~December 2005~~ January 2011 Edition and no future editions) - “Annual Report for Calendar Year 20__, Gas Distribution System” and “Instructions for Completing PHMSA Form F7100.1-1 (Rev. 01-2011), Annual Report for Calendar Year 20__, Gas Distribution System,” incorporated by reference, and copies available from the Office of Pipeline Safety, 2200 N. Central Ave., Ste. 300, Phoenix, AZ 85004 and the ~~Information Resources Manager, Office of Pipeline Safety,~~ Pipeline and Hazardous Materials Safety Administration, at <http://opsweb.phmsa.dot.gov/>. ~~U.S. Department of Transportation, Rm. 7128, 400 Seventh St., S.W., Washington, D.C. 20590.~~
3. PHMSA F7100.2-1 (~~December 2005~~ January 2011 Edition and no future editions) - “Annual Report for Calendar Year 20__, Gas Transmission and Gathering Systems” and “Instructions for Completing Form PHMSA F7100.2-1 (Rev. ~~12-2005~~ 01-2011), Annual

Report for Calendar Year 20____, Gas Transmission and Gathering Systems,” incorporated by reference, and copies available from the Office of Pipeline Safety, 2200 N. Central Ave., Ste. 300, Phoenix, AZ 85004 and the ~~Information Resources Manager, Office of Pipeline Safety, Pipeline and Hazardous Materials Safety Administration, at <http://opsweb.phmsa.dot.gov/>. U.S. Department of Transportation, Rm. 7128, 400 Seventh St., S.W., Washington, D.C. 20590.~~

4. PHMSA F7100.3-1 (November 2010 Edition and no future editions) – “Annual Report for Calendar Year 20____, Liquefied Natural Gas (LNG) Facilities,” and “Instructions for completing Form F7100.3-1 (10-2010), Annual Report for Calendar Year 20____, Liquefied Natural Gas (LNG) Facilities,” incorporated by reference and copies available from the Office of Pipeline Safety, 2200 N. Central Ave., Ste. 300, Phoenix, AZ 85004 and the Pipeline and Hazardous Materials Safety Administration, at <http://opsweb.phmsa.dot.gov/>.

- B. The operator will also file a copy of all required annual reports by March 15 to the ~~Information Resources Manager, Office of Pipeline Safety, Pipeline and Hazardous Materials Safety Administration, at <http://opsweb.phmsa.dot.gov/>. U.S. Department of Transportation, Rm. 7128, 400 Seventh St., S.W., Washington, D.C. 20590-0001.~~

R14-5-205. Commission Investigations

1. The Office of Pipeline Safety shall investigate the cause of each reportable incident, accident, or event resulting in a death or an injury requiring hospitalization.
2. While investigating an incident, accident, or event, the Commission, or an authorized agent of the Commission, may:
 - a. Inspect all plant and facilities of a pipeline system and all other property of a pipeline system operator;

- b. Inspect the books, papers, business methods, and affairs of a pipeline system operator;
- c. Make inquiries regarding and interview persons having knowledge of facts surrounding an incident or accident;
- d. Attend, as an observer, all hearings and formal investigations concerning a pipeline system operator;
- e. Schedule and conduct a public hearing into the incident or accident; and
- f. Issue subpoenas to compel the production of records and the taking of testimony.

R14-5-206. Employee Drug and Alcohol Testing Requirements

An operator of an intrastate pipeline facility transporting gas or a hazardous liquid or of an intrastate LNG facility shall ensure that drug and alcohol testing of its workers is performed in compliance with 49 CFR 199 (October 1, 2010), including no future editions or amendments, which is incorporated by reference; on file with the Office of Pipeline Safety; published by and available from the U.S. Government Printing Office at 710 North Capital Street N.W., Washington DC 20401 and through <http://www.gpo.gov/fdsys/>.

R14-5-205, R14-5-207. Master Meter System Operators

- A. Applicability: This rule Section applies to the construction, reconstruction, repair, emergency procedures, operation and maintenance of all master meter systems, as a condition of receiving service from public service corporations. Noncompliance with this rule by operators of a master meter system shall constitute grounds for termination of service by the public service corporation when informed in writing by the Office of Pipeline Safety. In case of an emergency, the Office of Pipeline Safety may give the public service corporation oral instructions to terminate service, with written confirmation to be furnished within 24 hours.
- B. If a master meter system operator fails to comply with this Section, as verified by the Office of Pipeline Safety, the Office of Pipeline Safety shall:
 - 1. Except in case of an emergency, send written notice of the noncompliance to the master meter system operator and the provider from whom the master meter

system operator purchases metered gas, explaining that the failure to comply shall constitute grounds for termination of service under A.A.C. R14-2-311(C)(1) by the for a provider that is a public service corporation when informed in writing by the Office of Pipeline Safety; and

2. In case of an emergency, the Office of Pipeline Safety may give provide:

a. Telephonic notice of the noncompliance to the provider;

b. If the public service corporation provider is a public service corporation, oral instructions to terminate service, under A.A.C. R14-2-311(B)(1)(a); and

c. with written confirmation to be furnished within Within 24 hours after the telephonic notice of the noncompliance, written notice of the noncompliance to the master meter system operator and the provider.

B. ~~Subject to the definitional changes in R14-5-201 and the revisions noted in subsection (C), the Commission adopts, incorporates, and approves as its own 49 CFR 191 and 192, revised as of August 1, 2006 (and no future amendments), incorporated by reference, and copies available from the Office of Pipeline Safety, 2200 N. Central Ave., Ste. 300, Phoenix, AZ 85004 and the United States Government Printing Office, P.O. Box 371954, Pittsburgh, PA 15250-7954.~~

C. ~~The above mentioned incorporated parts of 49 CFR, except Part 191, are revised as follows:~~

1. ~~Substitute "Commission" where "Administrator of the Research and Special Programs Administration," or "Office of Pipeline Safety" (OPS) appears.~~

2. ~~Substitute Office of "Pipeline Safety, Arizona Corporation Commission, at its office in Phoenix, Arizona" where the address for the Information Resources Manager, Office of Pipeline Safety, Pipeline and Hazardous Materials Safety Administration, U.S. Department of Transportation appears.~~

C. Each operator of a master meter system shall comply with all applicable requirements of 49 CFR 192, (October 1, 2010), as amended in 75 Fed. Reg. 72878 (2010), and as incorporated by reference, with modifications, in R14-5-202(B).

- D.** Operators ~~An operator of a master meter system will~~ shall: ~~establish an Operation and Maintenance Plan (O&M) including an emergency plan. The plans must be maintained at the master meter system location.~~
1. Establish an Operation and Maintenance Plan (O & M) including an emergency plan.
 2. At all times, maintain a copy of the procedural manual at the master meter system location.
- E.** Operators ~~An operator of a master meter system will~~ shall:
1. ~~not construct any~~ Ensure that no part of a natural gas or other gas pipeline system is constructed under a building or permit a and that no building to be is placed over any portion of a gas pipeline system- ; and
 2. ~~Within 180 days of discovery of~~ Upon discovering that a building being is located over a portion of a gas pipeline system, the operator shall complete one of the following within 180 days:
 - a. ~~remove~~ Remove the building from over the pipeline,
 - b. ~~relocate~~ Relocate the pipeline, or
 - c. ~~discontinue the~~ Discontinue service to the portion of the pipeline system located under the building.
- F.** Operators of a master meter system will not install Acrylonitrile-Butadiene-Styrene (ABS) or aluminum pipe in their systems.
- G.** ~~Operators of a master meter system will not use solvent cement to join together plastic pipe manufactured from different materials unless the operator utilizes a joining procedure in accordance with the specifications of 49 CFR 192, Subpart F, August 1, 2006 (and no future amendments), incorporated by reference, and copies available from the Office of Pipeline Safety, 2200 N. Central Ave., Ste. 300, Phoenix, AZ 85004 and the United States Government Printing Office, P.O. Box 371954, Pittsburgh, PA 15250-7954.~~
- H.G.** Operators of a master meter system that construct a pipeline or any portion thereof using plastic pipe will install, at a minimum, a 14-gauge coated or corrosion resistant, electrically conductive wire as a means of locating the pipe while it is underground. Tracer wire shall not be wrapped around the plastic pipe. Tracer wire may be taped, or

attached in some manner to the pipe provided that the adhesive or the attachment is not detrimental to the integrity of the pipe wall.

- I.H.** Operators of a master meter system that construct an underground pipeline using plastic pipe, will bury the installed pipe with a minimum of 6 inches of sandy type soil surrounding the pipe for bedding and shading, free of any rock or debris, unless otherwise protected and approved by the Office of Pipeline Safety. ~~Steel pipe shall be installed with bedding and shading~~ Steel pipe shall be installed with a minimum of 6 inches of sandy type soil surrounding the pipe for bedding and shading, free of any debris or materials injurious to the pipe coating, unless otherwise protected and approved by the Office of Pipeline Safety.
- J.I.** Operators of a master meter system that construct an underground pipeline using plastic pipe will install the pipe with sufficient slack to allow for thermal expansion and contraction. In addition, all plastic pipe and fittings shall be tested and marked CD, CE, CF or CG as required by ASTM D2513 for use in areas where service temperature is above 100° F (1995c Edition and no future editions), incorporated by reference, and copies available from the Office of Pipeline Safety, 2200 N. Central Ave., Ste. 300, Phoenix, AZ 85004 and ASTM International, 100 Barr Harbor Dr., P.O. Box C700, W. Conshohocken, PA 19428-2959, ~~for areas where the service temperature is above 100° F.~~
- K.J.** Operators of a master meter gas system shall qualify welding procedures and shall perform welding of steel pipelines in accordance with API Standard 1104. Each welder must be qualified in accordance with API Standard 1104, 49 CFR 192, ~~appendix A~~ 192.7.
- L.K.** ~~All~~ An operator of a master meter system shall ensure that all repair work performed on an existing master meter systems will comply ~~system complies~~ with the provisions of this Article.
- L.** An operator of a master meter system shall:
1. Ensure that each buried or submerged pipeline installed after July 31, 1971, is protected against external corrosion with an external protective coating meeting the requirements of 49 CFR 192.461;

2. When installing a new underground steel pipeline system, before placing the new pipeline system into service, provide a cathodic protection system designed to protect the new pipeline system in its entirety;
 3. When repairing, partially replacing, or relocating an existing underground steel pipeline system, within 45 days after completing the repair, replacement, or relocation, provide a cathodic protection system designed to protect the pipeline system; and
 4. Ensure that each cathodic protection system has a voltage of at least negative 0.85 volts direct current (-0.85Vdc) as measured using a saturated copper-copper sulfate half cell.
- M. ~~Operators~~ An operator of a master meter system ~~will not construct any part shall ensure~~ that ~~no portion of a natural gas or other~~ an underground gas system is installed closer than 8 inches ~~to~~ from any other underground structure.
- N. ~~Operators~~ At least 30 days before commencing construction of any pipeline, an operator of a master meter system ~~will file~~ shall file with the Office of Pipeline Safety a Notice of Construction ~~30 days prior to commencement of the construction of any pipeline. The Notice will contain~~ that includes at least the following information:
1. ~~The dates of~~ projected for commencing and completing construction,
 2. The size and type of pipe to be used,
 3. The location of construction, and
 4. The Maximum Allowable Operating Pressure (MAOP) for the new pipeline.
- O. ~~Operators~~ An operator of a master meter system ~~will~~ shall:
1. ~~perform~~ Perform leakage surveys at intervals not exceeding 15 months, but at least once each calendar year; ~~and~~
 2. ~~will~~ Perform each leakage survey, and grade all detected leakage, ~~by the following guide—~~ according to ASME Guide for Gas Transmission and Distribution Pipeline System, Guide Material, Appendix G-11-1983 (1983 Revision and no future revisions), except 4.4(c), incorporated by reference, and copies available from the Office of Pipeline Safety, 2200 N. Central Ave., Ste. 300, Phoenix, AZ 85004 and the ASME, ~~United Engineering Center, 345 E. 47th~~

~~St., New York, NY 10017~~ ASME Three Park Avenue., New York, NY 10016-5990 . (“Should” as referenced in the guide will be interpreted to mean “shall”.)

P. ~~Laboratory testing of master meter systems shall be conducted in accordance with the following:~~ In the event of an unknown failure of a gas pipeline resulting in a master meter operator’s being required to provide a report under subsection (Q) and in the operator’s removing a portion of the failed pipeline, the following shall occur:

1. ~~If an operator of a master meter system, other gas or hazardous liquid pipeline removes a portion of a failed pipeline, where the cause of the failure is unknown, as the result of an incident that requires a telephonic or written incident report under R14-5-203(B) or (C), the~~ The operator shall retain the portion of failed pipeline that was removed;
2. ~~The operator and shall telephonically notify the Office of Pipeline Safety of the removal within two hours after the removal is completed, providing . A notice made pursuant to this subsection shall include all of the following information:~~
 - a. Identity of the failed pipeline;
 - b. Description and location of the failure;
 - c. Date and time of the removal;
 - d. Length or quantity of the removed portion;
 - e. Storage location of the removed portion; and
 - f. Any additional information about the failure or the removal of the portion of the failed pipeline ~~that failed~~ that is requested by the Office of Pipeline Safety. ~~An unknown failure is any failure where the cause of the failure is not observable external corrosion, third party damage, natural or other outside forces, construction or material defect, equipment malfunction or incorrect operations; or is any failure where the Office of Pipeline Safety and the operator do not agree as to the cause of the failure.;~~
- ~~2.3.~~ Within 48 hours after receiving telephonic notification pursuant to subsection (1)(Q)(2), the Office of Pipeline Safety shall:
 - a. Determine, based on the information provided by the operator and the availability, adequacy, and reliability of any pipeline testing laboratory

operated by the operator, whether it is necessary to have the removed portion of pipeline tested at an independent laboratory; and

b. ~~notify~~ Telephonically notify the operator that either:

a. i. ~~The Office of Pipeline Safety is directing~~ That the operator ~~to must~~ have the removed portion of the pipeline that was removed tested, in accordance with Office of Pipeline Safety directions, by a an independent laboratory selected by the Office of Pipeline Safety as provided in subsection (P)(5), to determine the cause or causes of the failure-; or

b. ii. ~~The Office of Pipeline Safety~~ That the operator is not ~~directing~~ required to have the removed portion of pipeline tested by an independent laboratory testing and instead must conduct testing in its own pipeline testing laboratory, after which and the operator may discard the removed portion of the pipeline that was removed-;

4. ~~The~~ After providing telephonic notice as provided in subsection (P)(3)(b), the Office of Pipeline Safety shall confirm its notification in writing-;

3.5. If the Office of Pipeline Safety directs testing by an independent laboratory ~~testing pursuant to subsection (2)(a):~~

a. The Office of Pipeline Safety shall:

i. Determine, as provided in subsection (P)(6), the independent laboratory that will do the testing pursuant to subsection (4) and the period of time within which the testing is to be completed-;

ii. ~~Approve~~ Determine, based on the available information concerning the failure, the number and types of tests to be performed on the removed pipeline-; and

iii. Notify the operator of its determinations ~~pursuant to subsections (3)(a)(i) and (ii)-;~~

b. The operator shall:

- i. ~~Notify the Office of Pipeline Safety of the number and types of tests proposed by the operator. Contact the selected independent laboratory to arrange the scheduling of the required tests;~~
- ii. ~~Notify the Office of Pipeline Safety, at least 20 days before the date of the tests, of the date and time of any scheduled for the laboratory tests at least 20 days before the tests are done;~~
- iii. ~~At the request of the Office of Pipeline Safety, ensure that a representative of the Office of Pipeline Safety is permitted to observe any or all of the tests;~~
- iv. ~~Ensure that the original laboratory test results are provided to the Office of Pipeline Safety by the independent laboratory within 30 days of the completion of after the tests are completed; and~~
- v. ~~Pay for the independent laboratory testing; and~~

4.6. In determining a an independent laboratory pursuant to subsection (3)(a)(i) to perform testing required under subsection (P), the Office of Pipeline Safety shall:

- a. ~~Submit a written request to at least three different independent laboratories~~ written requests for bids to conduct the testing;
- b. ~~Consider the qualifications of the respondent laboratories each responding~~ laboratory's qualifications to perform the testing, including as demonstrated by:
 - i. ~~Past experience in performing the required test or tests according to ASTM International standards; and~~
 - ii. ~~Any recognition that the a laboratory may demonstrate with have received from a national or international laboratory accreditation bodies. body, such as through a certification or accreditation process;~~
- e. ~~Select the laboratory that offers the optimum balance between cost and demonstrated ability to perform the required test or tests.~~
- d.c. ~~The Office of Pipeline Safety shall not Wait to select a an independent laboratory pursuant to this subsection before either of the following, whichever occurs first until:~~

- i. The Office of Pipeline Safety has received written bids from at least three different independent laboratories; or
- ii. Thirty days ~~from~~ have passed since the date of the request for bids ~~has passed; whichever comes sooner; and~~
- d. Select the independent laboratory that offers the optimum balance between cost and demonstrated ability to perform the required test or tests.

Q. ~~Operators~~ An operator of a master meter system will shall:

- 1. Telephonically notify the Office of Pipeline Safety, at 602-262-5601, at the earliest practicable moment following discovery of any of the following:
 - a. An event involving a release of gas from a pipeline, along with any of the following:
 - i. A death or personal injury requiring hospitalization;
 - ii. Injury to any person resulting in the person's loss of consciousness;
 - iii. Estimated property damage, including the value of all released gas, in excess of \$5,000;
 - iv. Unintentional estimated gas loss of 3 million cubic feet or more;
 - v. An explosion or fire not intentionally set by the operator;
 - vi. A news media inquiry;
 - vii. An evacuation; or
 - viii. An outage;
 - b. An event involving overpressure of a pipeline system where a pipeline operating at less than 12 PSIG exceeds MAOP by 50%, where a pipeline operating between 12 PSIG and 60 PSIG exceeds MAOP by 6 PSIG, or where a pipeline operating over 60 PSIG exceeds MAOP plus 10%;
 - c. An event involving permanent or temporary discontinuance of gas service to a master meter system or any portion of a master meter system due to a failure of a leak test; or
 - d. An event that is significant, in the judgment of the operator, even though it does not meet any of the criteria listed in subsections (Q)(1)(a) through (c);

2. Include the following information in a telephonic report under subsection (Q)(1):
- a. The names of the operator and the person making the report;
 - b. The job title of the person making the report;
 - c. The telephone numbers of the operator and the person making the report;
 - d. A description of the type and location of the event;
 - e. The time of the event;
 - f. The number of fatalities and personal injuries, if any; and
 - g. All other significant facts that are known by the operator that are relevant to the cause of the event or the extent of the damages;
3. Not later than April 15 of each year, file an annual report with submit to the Commission on Office of Pipeline Safety an annual report for the prior calendar year, completed on Commission Form 1-90/15M (1990 Edition and no future editions), MM-04 (2011): "Annual Report for Calendar Year 20___, Small Operators of Gas Distribution System," which is included herein as Exhibit A incorporated by reference, and copies available from the Office of Pipeline Safety, 2200 N. Central Ave., Ste. 300, Phoenix, AZ 85004. This report will be filed with the Office of Pipeline Safety not later than April 15 for the preceding calendar year.
- R. The Commission may waive compliance with any of the aforementioned parts upon finding that such a waiver is in the interest of public safety.
- S. To ensure compliance with all applicable provisions of this rule Article, the Commission or an authorized representative thereof, may enter the premises of an operator of a master meter system to inspect and investigate the property, books, papers, business methods, and affairs that pertain to the operation of the master meter system.
- ~~T. All other Commission administrative rules are superseded to the extent they are in conflict with the pipeline safety provisions of this Article.~~